Newberrys

ANNUAL REPORT · 1963

Directors

WALTER C. BAKER
DEAN S. CAMPBELL
BEN R. GORDON
MOLLIE N. GRONAUER
JESS LEE
ALICE M. NEWBERRY
F. STARK NEWBERRY
JAMES V. NEWBERRY
JOHN J. NEWBERRY, JR.
MERVIN G. PALLISTER
WALTER C. STRAUS
WILLIAM F. TALLY
RAYMOND E. WEBBER
ROBERT W. WILLIAMS
FREDERICK C. WINDISCH
THOMAS L. ZIMMERMAN

Officers

WALTER C. STRAUS, *President*
DEAN S. CAMPBELL, *Financial Vice-President*
WILLIAM F. TALLY, *Senior Vice-President*
RAYMOND E. WEBBER, *Vice-President—Merchandise*

ARLINGTON E. BAXTER, *Vice-President—Central Division*
STANLEY D. CROSS, *Vice-President—Northeastern Division*
GEORGE L. KELLY, *Vice-President—Eastern Division*
GERALD E. MC PEAK, *Vice-President—West Coast Division*
ROBERT W. WILLIAMS, *Vice-President—Midwestern Division*

W. PERRY HUKILL, *Vice-President—Real Estate*
JESS LEE, *Vice-President—Real Estate*
JOHN J. NEWBERRY, JR., *Vice-President—Public Relations*

HENRY D. VON OESEN, *Treasurer*
MERVIN G. PALLISTER, *Secretary*
EUGENE P. HACKER, *Controller*
EDWARD H. SCHROEDER, *Asst. Treasurer*
ALFRED T. BULL, *Asst. Secretary*
WARREN R. HOLLOWAY, *Asst. Controller*

Transfer Agent — CORPORATION TRUST COMPANY, NEW YORK

Registrar — MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Auditors — LYBRAND, ROSS BROS. & MONTGOMERY

J. J. Newberry Co., 245 Fifth Avenue, New York, N. Y. 10016

ANNUAL REPORT · 1963

Newberrys

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The annual meeting of common stockholders will be held at the office of the corporation, 245 Fifth Avenue, New York, at 11A.M. on Tuesday, May 12, 1964.

TO OUR SHAREHOLDERS:

The year 1963 was a year of adjustment and change for our Company. Many things had to be done to get our "house in order" so that we could operate profitably in the future.

In recent years, our earnings have shown a steady decline, largely because of unsatisfactory control of merchandise inventories and expenses. Consequently, your Board of Directors made a change in the management of the Company in April, 1963. To reverse this declining profit trend, it was necessary to take some very drastic steps to bring the merchandise inventory situation under control, and to initiate vigorous programs of expense control.

The correction of the inventory situation was the item that had the most serious impact on operating results for the year 1963. Many of our stores had unnecessarily high stocks of merchandise, which had to be reduced. Much of the merchandise was old and had to be disposed of at whatever price it would bring.

One of the problems that is inherent in an inventory reduction program is the effect it has on the current volume of sales. In order to physically reduce our inventory, it was necessary to severely curtail the purchase of new merchandise. For this reason, the stores which had been open throughout 1962 and 1963 showed a decrease of 8% in sales for 1963. However, unless the inventory reduction program had been followed through in a firm and determined way, it would not have been possible to obtain the desired results.

Our total merchandise inventories on hand at the end of 1963 were approximately $10,000,000 less than at the end of 1962. The twenty (20) new stores opened during 1963 required an inventory investment which totaled $6,600,000 at the end of 1963. Therefore, our year-end inventories, in other than new stores, were actually reduced $16,600,000, or 20%. This reflects not only the physical reduction of merchandise stocks on hand, but also a proper valuation of inventory at the end of the year 1963.

We entered the year 1964 with stocks of good saleable merchandise—at proper valuations—in our stores. Also, we installed an inventory control system which enables us to know each week the amount of merchandise each store has on hand. In that way, we may avoid the possibility of any store becoming unnecessarily overstocked.

In addition to the losses sustained because of adjusting our merchandise inventory, we also made a number of other extraordinary charges against the overall 1963 operations in such areas as rental charges, insurance, taxes, and charge-offs for uncollectible accounts. Again, it was necessary to do this so that we could properly start 1964 with a "clean slate" and not only have the opportunity to produce a reasonable profit, but also to be sure that the record would more appropriately reflect the results of our operations for the year.

The reduction in the Company's earnings in recent years was also due in part to a rather heavy expansion and modernization program. Leases for the twenty (20) stores which were opened in 1963, and the ten (10) stores to be opened in 1964, were all negotiated prior to 1963. These commitments could not be avoided.

We have not committed, and do not intend to commit, the Company for any further new store locations in the immediate future. However, there generally is a lapse of at least two (2) years from the time a lease negotiation is completed until the store opens. Therefore, we will need to be well informed about areas where new locations are available in order to provide for any desired expansion in future years.

Various programs of expense control have been initiated and reasonably good progress was made along these lines in 1963. For example, in the stores where the sales decrease for 1963 was 8% we were able to effect a reduction in expenses in excess of $4,500,000. We expect that these expense reduction programs will really produce extensive savings in 1964.

The largest single expense your Company has is wages at the store level. During the latter part of 1963, professional assistance was employed to help train our people in modern methods and techniques for proper utilization of employee work hours. By early 1964, a number of our personnel had received the proper training and have been employing these procedures in our stores. The work which has already been done along these lines in a number of our stores clearly indicates that we can look forward to a very substantial saving in our store wage cost for the year 1964 without reducing customer service.

We now have nineteen (19) Britts Dept. Stores and five more will be opened in the year 1964. As with any new venture this one presented problems—largely related to the assortment of merchandise to be carried. We feel that we now have the proper merchandise assortment in these Britts stores and that they are in a position to improve sales volume.

The merchandise assortment in our larger and some of our medium size Newberry stores also needed considerable revision. We were carrying too wide an assortment in individual lines and, also, had certain lines of merchandise which moved very slowly and proved to be unprofitable.

A great deal of progress has been made in refining merchandise assortments. This program will be continued so that we will have available in our stores the merchandise we know from experience our customers are really interested in buying.

A number of important changes were made in the executive personnel of your Company in order to provide the necessary "team" required to produce the desired profit results. A large volume of sales is an essential requirement in a successful retail operation. However, sales without profit is not an accomplishment. Your present management "team" is conscious of the need to have not only a large sales volume, but also a proper profit return on that sales volume.

So—1963 became a year of correcting many unsatisfactory conditions, and this had a very serious effect on the Company's earnings. Nevertheless, it was necessary to take the required corrective actions.

With our inventory situation corrected, many expense savings programs now in effect, improved merchandise assortments in the stores, and an enthused and loyal organization throughout the entire Company, we believe that Newberrys will be back on the road to reasonably good earnings in 1964.

The results of our operations for the first two months of 1964 indicate that our programs are effective. These two months produced a very satisfactory increase in sales with good control of merchandise inventories. More important, substantial reductions were made in expense costs.

March 27, 1964

President

RECORD OF 1963 STORE EXPANSION, ENLARGEMENT AND MAJOR REMODELING PROGRAM

New Newberry Stores Opened (4)

	Total Sq. Ft.
Benton Park Shop. Ctr., Bakersfield, Calif.	40,200
Studio Village Shop. Ctr., Culver City, Calif.	58,000
Edgewater Plaza Shop. Ctr., Biloxi, Miss.	78,300
Pierre, South Dakota	15,600

New Hested Store Opened (1)

Alameda-Sheridan Shop. Ctr., Denver, Colo.	48,700

New Britts Stores Opened (12)

Alhambra Valley Shop. Ctr., Alhambra, Calif.	82,500
Town and Country Shop. Ctr., Los Angeles, Calif.	107,700
Ellsworth Shop. Ctr., Ellsworth, Me.	43,800
Normandy Shop. Ctr., St. Louis, Mo.	101,900
Brick Plaza Shop. Ctr., Brick Town, N. J.	109,000
Freehold Plaza Shop. Ctr., Freehold, N. J.	94,400
Gardiner Manor Shop. Ctr., Bayshore, L. I., N. Y.	76,200
Arterial Plaza Shop. Ctr., Gloversville, N. Y.	79,800
Zane Plaza Shop. Ctr., Chillicothe, Ohio	57,900
Northline Shop. City, Houston, Texas	100,300
Springfield Shop. Plaza, Springfield, Vt.	43,100
Triangle Shop. Ctr., Longview, Wash.	39,100

New Stores Replacing Old Stores (3)

	Total Sq. Ft.	Old Sq. Ft.
Hoffman Heights Shop. Ctr., Aurora, Colo.	36,500	9,500
Corbin, Kentucky	26,000	7,700
Rapid City, So. Dak.	28,600	12,200

Major Remodelings and Enlargements (6)

Westgate Shop. Ctr., Merced, Calif.	44,900	29,600
Cynthiana, Ky.	20,100	11,400
Hardin, Mont.	9,800	4,500
Littleton, N. H.	20,600	12,600
Elmira, N. Y.	52,700	36,000
Fort Findlay Village Shop. Ctr., Findlay, Ohio	81,300	60,100

Consolidated Statement of Operations and Retained Earnings

For the year ended December 31, 1963

Net sales		$319,344,317
Cost of merchandise sold and selling, general and administrative expenses	$316,633,863	
Depreciation and amortization	3,699,104	
Interest expense	2,867,400	323,200,367
Loss before federal income taxes refundable		3,856,050
Estimated federal income taxes refundable		1,300,000
Net loss for year		2,556,050
Special charges, net, of a nonrecurring nature (note 3)	3,520,000	
Less, Applicable federal income taxes refundable	1,300,000	2,220,000
Net loss and special charges		4,776,050
Retained earnings, beginning of year		56,848,218
		52,072,168
Cash dividends:		
On preferred stock, $3.75 per share	375,008	
On common stock, $.25 per share	463,209	838,217
Retained earnings, end of year (note 1)		$ 51,233,951

The accompanying notes are an integral part of the financial statements.

Consolidated Balance Sheet

December 31, 1963

ASSETS:

CURRENT ASSETS:		
Cash		$ 9,196,716
Accounts receivable:		
Customers, including equity in accounts sold of $886,361	$ 5,190,071	
Other	1,262,632	
	6,452,703	
Less, Allowance for doubtful accounts	750,000	5,702,703
Federal income taxes refundable		2,600,000
Merchandise on hand and in transit, at lower of cost (principally retail method) or market		74,479,985
Prepaid expenses		2,447,330
TOTAL CURRENT ASSETS		94,426,734
PROPERTY AND EQUIPMENT, AT COST:		
Land	3,678,210	
Buildings and improvements	5,077,664	
Fixtures and equipment	43,552,743	
Improvements to leased premises	26,438,294	
	78,746,911	
Less, Allowance for depreciation and amortization	31,916,722	46,830,189
DEFERRED CHARGES AND OTHER ASSETS		1,974,203
		$143,231,126

The accompanying notes are an integral part of the financial statements.

LIABILITIES:

CURRENT LIABILITIES:		
Bank loans and commercial paper		$ 12,600,000
Accounts payable and accrued liabilities		21,661,948
Current instalments on long-term debt (note 1)		1,098,228
TOTAL CURRENT LIABILITIES		35,360,176
LONG-TERM DEBT (note 1)		30,366,338
RESERVES AND OTHER LONG-TERM LIABILITIES		861,290
DEFERRED FEDERAL INCOME TAXES		3,938,000
STOCKHOLDERS' EQUITY:		
CAPITAL STOCK (notes 1 and 2):		
Cumulative preferred stock, par value $100 per share; authorized, 125,000 shares, issuable in series; issued and outstanding, 100,000 shares, 3¾ % series (redeemable at $101.50 per share, plus accrued dividends)	$ 10,000,000	
Common stock, no par value; authorized, 2,500,000 shares:		
Issued, 1,919,370 shares	11,579,209	
Subscribed and unissued, 10,434 shares	194,518	
RETAINED EARNINGS ($375,000 available for the payment of preferred dividends) (note 1)	51,233,951	
	73,007,678	
Less, 59,353 shares of common stock held in treasury, at cost	302,356	72,705,322
		$143,231,126

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

December 31, 1963

1. At December 31, 1963, long-term debt comprised:

	Current	Noncurrent	Total
Mortgages payable	$ 25,508	$ 1,085,788	$ 1,111,296
2.90% Sinking Fund Notes, payable in 1968	550,000	5,150,000	5,700,000
3¾% Sinking Fund Notes, payable in 1976	500,000	8,000,000	8,500,000
3⅛% Notes, payable from 1964 to 1975	22,720	630,550	653,270
5¼% Subordinated Notes, payable from 1967 to 1981	—	15,500,000	15,500,000
	$1,098,228	$30,366,338	$31,464,566

The mortgages bear interest at various rates from 3¾% to 5¼% and are payable from 1964 to 1976.

Sinking fund note indentures provide for annual sinking fund payments as follows: 2.90% notes, $550,000 through 1967; 3¾% notes, $500,000 through 1975. The Company has the option of making certain additional sinking fund payments annually, without premium.

Certain prepayment privileges are available to the Company with respect to the long-term notes payable which provide for declining premium payments.

At December 31, 1963, pursuant to certain restrictive covenants included in note agreements, no retained earnings are available for the payment of cash dividends on common stock or for the acquisition of the Company's capital stock. Further, the first $1,150,000 of earnings, less related federal income taxes, accumulated after December 31, 1963 will not be made available for the payment of cash dividends on the common and preferred and for the acquisition of the Company's capital stock, except that declaration and payment of the 1964 preferred dividends of $375,000 shall not be restricted in any manner.

2. During 1963, under the Company's 1956 Employees' Stock Option Plan, options to purchase 15,503 shares were exercised at prices ranging from $14.66 to $28.00 per share, representing per share prices equivalent to 85% of the fair market value of the stock at dates of exercise. At December 31, 1963, 81,452 shares were available for future grant.

At December 31, 1963, 6,680 shares of the Company's common stock were reserved for future issuance under the Incentive Stock Bonus Plan. During 1963, 119 shares of common stock were issued to eligible participants.

In November, 1963, the Board of Directors authorized, subject to stockholders' approval, the adoption of a Restricted Stock Option Plan for Key Employees whereby 100,000 shares of the Company's common stock were reserved for future issuance at a price per share of $22 or 110% of the fair market value of the stock at the date of grant, whichever is greater. The options expire five years from date of grant, and generally become initially exercisable two years from date of grant to the extent of 20% annually (on a cumulative basis). During 1963, options were granted to purchase 62,500 shares at $22 per share. At December 31, 1963, 37,500 shares were available for future grant.

At December 31, 1963, 155,000 shares of common stock of the Company were reserved for warrants, expiring on October 1, 1981, to purchase common stock at a price of $52 per share; no warrants were exercised in 1963.

3. Special charges, net, of a nonrecurring nature comprise:

Inventory re-evaluation and adjustment of purchases (a)	$2,200,000
Re-evaluation of the allowance for doubtful accounts (b)	475,000
Charge off of previously contested California franchise taxes (c)	350,000
Termination settlements with former officers	310,000
Adjustment of prior years' fixture rental charges (d)	277,000
Losses, net, arising from sales or other dispositions of buildings, equipment and leasehold improvements	250,000
Adjustment of Investment Credit attributable to Internal Revenue Code revision (e)	(342,000)
	$3,520,000

(a) In 1963, the Company revised its methods of determining realizable value of its merchandise inventories. As a result of these revisions and a general inventory re-evaluation, certain extraordinary markdowns were recognized which were deemed to be unrelated to the current year's operations, and have accordingly been excluded from such operations.

Further, during 1963 the Company instituted improved accounting procedures and policies designed to expedite the processing of vendor invoices and to assure the recording of purchases in the appropriate accounting period. As a result, vendor invoices processed in 1963 and determined to be not applicable to such year have been excluded from the current year's operations.

It is not considered practicable to retroactively allocate to prior years the aggregate adjustment of $2,200,000 arising from the aforementioned inventory and purchases adjustments.

(b) In 1963, as a result of its actual bad debt experience the Company retroactively re-allocated the provisions for doubtful accounts charged to operations of the current and prior years. Based upon such re-allocation, $475,000 of additions to the reserve for doubtful accounts were deemed to be applicable to operations of prior years, and, accordingly, have been eliminated from the current year's results of operations.

(c) The Company had previously paid under protest, and deferred, approximately $350,000 of prior years' California franchise taxes. Recent court decisions adverse to other California taxpayers have caused the Company to withdraw its pending suit against the State of California. Accordingly, the aforementioned prior years' payments have been charged off in 1963.

(d) In prior years, the Company had entered into certain fixture rental leases which provided for rental payments on an ascending basis over the lives of the respective leases. Rental payments were made and charged to operations pursuant to such lease terms.

Effective January 1, 1963, the Company retroactively adopted the policy of charging the aggregate rental payments to operations on a straight line basis over the lives of the respective leases. The aggregate retroactive adjustment approximated $277,000. The effect on the current year's operations as a result of such change in policy is not deemed to be material.

(e) In 1962, based on federal income taxes paid or deferred, for financial reporting purposes, the Company utilized an Investment Credit of $633,000. Accordingly, $291,000 (46%) was applied in reduction of the provision for federal income taxes in such year, and the balance of $342,000 (54%) was deferred to future years.

However, the Investment Credit provisions of the Internal Revenue Code were retroactively liberalized by the recently enacted Revenue Act of 1964. Depreciation will be allowed on the full cost of all qualified facilities whose acquisition and use since January 1, 1962 gave rise to the Investment Credit. Consequently, a benefit will ultimately be realized in the full amount of the Investment Credit utilized as an offset against federal income taxes.

As a consequence of the Internal Revenue Code revision, the balance of the Investment Credit relating to 1962 which had been previously deferred ($342,000) was recorded as a special credit in 1963.

4. Rental expense for 1963 on long-term leases expiring subsequent to December 31, 1966, exclusive of applicable realty taxes and other charges, aggregated approximately $16,300,000. The aggregate long-term rentals for the five-year period 1964 through 1968 are approximately $91,700,000 (approximately $18,400,000 annually), and for the three succeeding five-year periods are as follows: 1969 through 1973, $86,500,000; 1974 through 1978, $79,500,000; and 1979 through 1983, $67,400,000. Certain of the leases provide for additional rentals based upon sales.

During 1963, the Company sold property and equipment for approximately $2,300,000, under sale and lease-back agreements. There were no material amounts of gain or loss realized as a result of these transactions.

5. At December 31, 1963, the Company had available approximately $1,600,000 of carry-forward tax losses which may be utilized against taxable income arising in future years.

Auditors' Report

To the Board of Directors and Stockholders,
J. J. NEWBERRY CO.

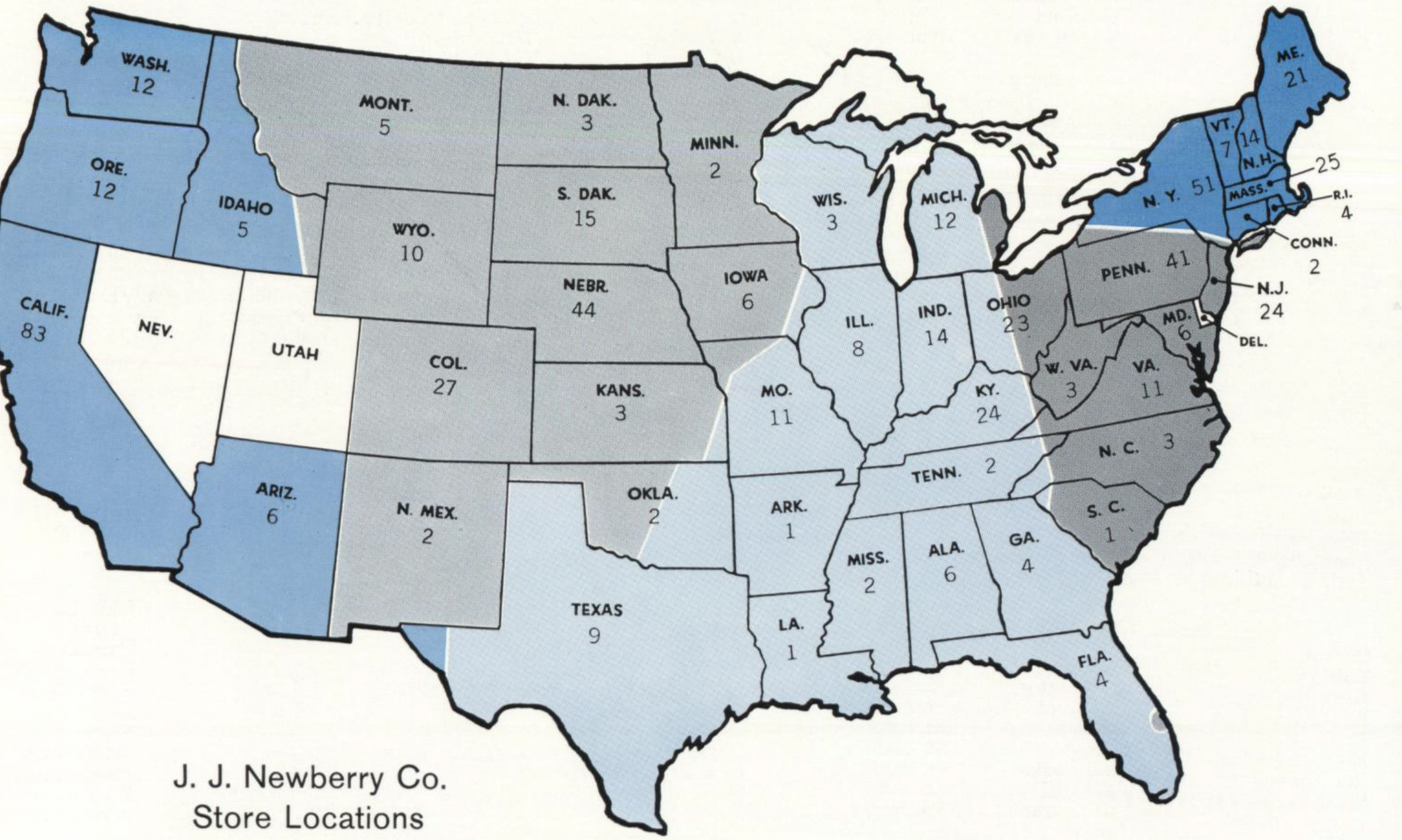
We have examined the consolidated balance sheet of J. J. NEWBERRY CO. and SUBSIDIARIES as of December 31, 1963 and the related consolidated statement of operations and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements present fairly the consolidated financial position of J. J. Newberry Co. and Subsidiaries at December 31, 1963, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, March 18, 1964.

Newberrys Serving these 574 Communities



J. J. Newberry Co.
Store Locations

Executive Offices:
245 FIFTH AVE.
NEW YORK, N. Y. 10016

(B) Operated under name of **BRITTS**
(HH) Operated under name of **HOLLAND HOUSE**
(T) Operated under name of **TAYLORS**
(WT) Operated under name of **WM. TALLY HOUSE**
(*) Operated under name of **HESTEDS**
(†) Operated under name of **LEE**
(o) Operated under name of **KAUFMANN'S**

Division Offices:

NORTHEASTERN DIVISION — 4 Federal St., Woburn, Mass.

EASTERN DIVISION — 9 E. 41st St., New York 17, N. Y.

CENTRAL DIVISION — 7710 Carondelet, Clayton 5, Mo.

MIDWESTERN DIVISION — 885 South 72nd St., Omaha, Neb.

WEST COAST DIVISION — 347 So. Ogden Dr., Los Angeles 36, Calif.

Warehouse Locations:
NEW YORK, N. Y.
OMAHA, NEB.
NO. HOLLYWOOD, CAL.

Alabama—6

Birmingham
Birmingham (B)
Birmingham (T)
Birmingham (HH)
Dothan
Montgomery

Arizona—6

Douglas
Mesa
Nogales
Phoenix (3)

Arkansas—1

Hot Springs

California—83

Alhambra
Alhambra (B)
Bakersfield (2)
Bell
Bellflower
Beverly Hills
Brawley
Buena Park
Burbank (2)
Compton (HH)
Compton (3)
Culver City
Downey
El Centro
Fresno
Garden Grove
Glendale
Glendora
Granada Hills
Hanford
Hollywood
Huntington Park
Inglewood
La Mirada
Long Beach
Los Angeles (15)
Los Angeles (B)
Los Angeles (HH)
Merced
Monterey Park
Norwalk
Oakland
Ontario
Palos Verdes
Pomona
Porterville
Redondo Beach (2)
Reseda
Salinas
San Diego (4)
San Francisco
San Jose
San Mateo
San Pablo
San Pedro
Santa Ana (2)
Santa Barbara
Santa Monica (2)
Stockton
Sunnyvale
Thousand Oaks
Torrance (2)
Vallejo
Van Nuys
Ventura
Visalia
West Covina
Whittier

Colorado—27

Alamosa (*)
Arvada (*)
Aurora (*)
Boulder (*)
Craig (*)
Delta (*)
Denver (8) (*)
Florence (*)
Glenwood Springs (*)
Golden (*)
Grand Junction (*)
Greeley (*)
La Junta
Lakewood (*)
Monte Vista (*)

from Coast to Coast...

Montrose (*)
Pueblo (2)
Rocky Ford (*)
Sterling (*)

Connecticut—2

Hartford
New Haven

Florida—4

Bradenton (WT)
Fort Lauderdale (B)
Pensacola
Tampa

Georgia—4

Atlanta
Columbus
Macon (2)

Idaho—5

Boise
Idaho Falls
Lewiston
Pocatello
Twin Falls

Illinois—8

Canton
Collinsville
Granite City
Litchfield
Macomb
Melrose Park
Rock Island
West Frankfort

Indiana—14

Auburn
Connersville
Decatur
East Chicago
Gary
Goshen
Hammond
Hartford City
Indiana Harbor
Jasper
Marion
Martinsville
New Castle
Whiting

Iowa—6

Carroll (†)
Denison (†)
Glenwood (†)
Sibley (†)
Storm Lake (†)
Webster City

Kansas—3

Coffeyville
Marysville (*)
Parsons

Kentucky—24

Bardstown
Central City
Corbin
Cynthiana
Danville
Elizabethtown
Frankfort
Glasgow (2)
Harlan
Harrodsburg
Hazard
Henderson
Lawrenceburg
Lebanon
Mayfield
Mt. Sterling
Owensboro
Paris
Pineville
Richmond
Shelbyville
Somerset
Winchester

Louisiana—1

Lake Charles

Maine—21

Bangor
Bath
Brunswick
Calais
Caribou
Dover-Foxcroft
Eastport
Ellsworth
Ellsworth (B)
Farmington
Fort Kent
Houlton
Lincoln
Madawaska
Mars Hill
Millinocket
Norway
Presque Isle
Rockland
Rumford
Van Buren

Maryland—6

Annapolis (B)
Brunswick
Elkton
Frederick
Hagerstown
Pocomoke City

Massachusetts—25

Amesbury
Boston
Bridgewater
Chelsea
Clinton
Fall River
Falmouth
Framingham
Franklin
Gardner
Haverhill
Holyoke
Leominster
Maynard
Newburyport
North Adams
Northampton
North Attleboro
Peabody
Pittsfield
Stoughton
Wakefield
Westfield
Whitman
Worcester

Michigan—12

Alma
Calumet
Charlotte
Coldwater
Houghton
Iron River
Ishpeming
Ludington
Manistee
Midland
Port Huron
Three Rivers

Minnesota—2

Moorhead
Pipestone (†)

Mississippi—2

Biloxi
Meridian

Missouri—11

Columbia
Excelsior Springs
Joplin
Kansas City
Maplewood
Poplar Bluff
Richmond Heights
St. Louis
St. Louis (B)
St. Louis (T)
Springfield

Montana—5

Billings
Great Falls (*)
Hardin (*)
Laurel (*)
Missoula

Nebraska—44

Ainsworth (†)
Albion (†)
Alliance (*)
Auburn (*)
Aurora (*)
Beatrice (*)
Bellevue (*)
Broken Bow (*)
Central City (*)
Chadron (*)
David City (†)
Fairbury (*)
Falls City (*)
Geneva (*)
Gering (*)
Gordon (†)
Grand Island (*)
Grand Island (o)
Hastings (*)
Hebron (*)
Holdrege (*)
Kimball (*)
Lincoln (*)
McCook (*)
Minden (*)
Nebraska City (*)
Neligh (*)
Norfolk (*)
Ogallala (†)
Omaha (6) (*)
O'Neill (†)
Ord (†)
Ralston (*)
Sidney (†)
Superior (*)
Tecumseh (*)
Valentine (†)
West Point (*)
York (*)

New Hampshire—14

Berlin
Claremont
Concord
Concord (B)
Dover
Franklin
Keene
Laconia
Littleton
Manchester
Nashua
Plymouth
Portsmouth
Rochester

New Jersey—24

Asbury Park
Atlantic City
Boonton
Bridgeton
Brick Town (B)
Caldwell
Dover
East Brunswick
Freehold
Freehold (B)
Hackettstown
Hammonton
Keyport
Long Branch
Menlo Park (WT)
Millville
New Brunswick
Newton (B)
Paramus
Red Bank
Springfield
Verona
Vineland
Wildwood

New Mexico—2

Las Vegas
Raton

New York—51

Albion
Batavia
Bath
Bayshore (B)
Binghamton (B)
Buffalo
Canandaigua
Canton
Catskill
Cobleskill
Cooperstown
Corning
Cortland
Elmira
Endicott
Gloversville
Gloversville (B)
Gouverneur
Greenpoint, Bklyn.
Hicksville
Hornell
Hudson
Ithaca
Kingston
Little Falls
Lockport
Lyons
Malone
Manhasset
Massena
Middletown
Niagara Falls
Northville
Ogdensburg
Oneonta
Ossining
Owego
Penn Yan
Perry
Port Jervis
Salamanca
Saranac Lake
Saratoga Springs
Saugerties
Ticonderoga
Tupper Lake
Valley Stream
Walton
Watertown
Wellsville
Whitehall

North Carolina—3

Asheville
Monroe
Reidsville

North Dakota—3

Bismarck (†)
Hettinger (†)
Rugby (†)

Ohio—23

Ashland
Ashtabula
Bryan
Bucyrus
Cambridge
Chillicothe (B)
Cincinnati
Cleveland (2)
Conneaut
Coshocton
East Palestine
Findlay (B)
Fremont
Ironton
Lancaster
Lima
Mentor
New Philadelphia
Painesville
Tiffin
Wooster
Zanesville

Oklahoma—2

Okmulgee
Sapulpa

Oregon—12

Astoria
Bend
Eugene
Klamath Falls
Medford (2)
Portland (3)
Portland (HH)
Roseburg
Salem

Pennsylvania—41

Berwick
Bloomsburg
Bradford
Carbondale
Chambersburg
Coalport
Coatesville
Danville
Downingtown
Du Bois
Ephrata
Forest City
Freeland
Jim Thorpe
Jersey Shore
Kennett Square
Lansford
Lewisburg
Lock Haven
McAdoo
Mahonoy City
Milton
Mt. Carmel
Newport
Northampton
Olyphant
Oxford
Phoenixville
Pottstown
Renovo
Royersford
Sayre
Shamokin
Shenandoah
Somerset
Stroudsburg
Sunbury
Tamaqua
Towanda
Waynesboro
Wellsboro

Rhode Island—4

Newport
Providence
Warren
West Warwick

South Carolina—1

Camden

South Dakota—15

Aberdeen
Belle Fourche (†)
Chamberlain (†)
Hot Springs (†)
Huron
Lead
Mitchell
Pierre
Rapid City
Sioux Falls (2)
Sturgis (†)
Vermillion
Winner (†)
Yankton

Tennessee—2

Gallatin
Jellico

Texas—9

Austin
Beaumont
Denison
Eagle Pass
El Paso (2)
Houston
Houston (B)
Texarkana

Vermont—7

Barre
Bellows Falls
Newport
Springfield
Springfield (B)
White River Junction
Windsor

Virginia—11

Clifton Forge
Culpeper
Farmville
Fredericksburg
Front Royal
Lexington
Salem
South Boston
Waynesboro
Winchester
Wytheville

Washington—12

Bellevue
Bellingham
Everett
Longview
Longview (B)
Renton
Richland
Seattle
Spokane (2)
Walla Walla
Yakima

West Virginia—3

Charleston
Charles Town
Martinsburg

Wisconsin—3

Fond Du Lac
Oshkosh
Superior

Wyoming—10

Buffalo (*)
Cheyenne
Douglas (*)
Gillette (*)
Laramie (*)
Newcastle (*)
Rawlins (*)
Rock Springs
Torrington (*)
Wheatland (*)

10 Year Summary Highlights Record

Dollar Amounts (Except Per Share Earnings and Book Values) Shown in Thousands.

	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954
Number of stores	574	567	564	559	462	469	476	476	476	476
Sales	$ 319,344	$ 312,511	$ 291,237	$ 265,818	$ 238,008	$ 221,873	$ 212,943	$ 203,463	$ 190,690	$ 179,756
Earnings before federal taxes	$ 3,856*	$ 3,639	$ 6,567	$ 9,390	$ 11,242	$ 10,807	$ 8,990	$ 10,884	$ 11,755	$ 9,762
Net earnings after federal taxes	$ 2,556*	$ 1,929	$ 3,486	$ 4,779	$ 5,590	$ 5,248	$ 4,364	$ 5,240	$ 5,845	$ 4,884
Special items	$ 2,220*	$ 455	$ 1,206	—	—	—	—	—	—	—
Net earnings and special items	$ 4,776*	$ 2,384	$ 4,692	$ 4,779	$ 5,590	$ 5,248	$ 4,364	$ 5,240	$ 5,845	$ 4,884
Per share (after preferred dividends)										
Net earnings	$ 1.58*	$ 0.84	$ 1.70	$ 2.42	$ 3.32	$ 3.12	$ 2.58	$ 3.18	$ 3.59	$ 2.96
Special items	$ 1.19*	$ 0.25	$ 0.66	—	—	—	—	—	—	—
Shares of common stock outstanding	1,860,017	1,843,915	1,831,620	1,816,719	1,570,405	1,560,396	1,547,231	1,530,443	1,521,784	1,521,784
Merchandise inventories	$ 74,480	$ 84,772	$ 74,978	$ 60,481	$ 50,286	$ 46,554	$ 42,509	$ 39,070	$ 39,782	$ 31,612
Common stockholders equity	$ 62,511	$ 67,665	$ 68,885	$ 67,729	$ 60,908	$ 58,519	$ 56,418	$ 55,042	$ 52,975	$ 50,549
Book value per share of common stock	$33.61	$36.70	$37.61	$37.28	$38.79	$37.50	$36.46	$35.96	$34.81	$33.22
Ratio of current assets to current liabilities	2.7	2.9	3.5	3.3	3.1	2.9	3.3	3.3	2.9	3.2

* *Indicates loss.*